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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, AUGUST 21, 2000

APPLICATION OF

PEPCO ENERGY SERVICES, INC.

CASE NO. PUE000344

For a license to provide  
electricity and natural gas  
services in interim retail  
access pilot programs

ORDER GRANTING LICENSES TO PROVIDE  
ELECTRIC AND AGGREGATOR SERVICES

On June 19, 2000, Pepco Energy Services, Inc. ("Pepco" or "Company"), filed an application for licenses to provide competitive electricity and natural gas services and to act as an aggregator. In its application and supplemental documents, Pepco states that it seeks licenses to participate as a competitive service provider and aggregator in the interim retail access pilot programs of Virginia Electric and Power Company, American Electric Power - Virginia, Washington Gas Light Company, Columbia Gas of Virginia, Inc., and Rappahannock Electric Cooperative.

By Order dated June 23, 2000, the Commission directed the Company to serve a copy of the Commission's Order for Notice and Comment on specified local government officials in localities lying within the geographic areas approved by the Commission for

each pilot program in which Pepco seeks to participate. The Order also established a period during which any interested person could submit comments, and directed the Commission Staff to analyze the reasonableness of Pepco's application and present its findings in a Staff Memorandum. By subsequent Order dated July 5, 2000, the Commission revised the notice requirements to allow Pepco to publish notice of its application in various newspapers strategically located to provide notice in all geographic areas where the pilot programs will be taking place.

On July 19, 2000, public comments relating to Pepco's application were filed by Michel A. King. Mr. King did not object to Pepco's application.

By Order dated July 20, 2000, the Commission granted Pepco's request for an extension of time to publish notice of its application in the Roanoke Times. The July 20, 2000, Order also provided for comments on Pepco's application to provide electricity services to be filed on or before August 4, 2000, and a Staff Memorandum to be filed by August 9, 2000. No additional comments were received.

On August 9, 2000, a Staff Memorandum was filed concerning Pepco's fitness to act as an aggregator and as a competitive service provider in the electric retail access pilot programs. The Staff recommended that a license be granted to Pepco for the provision of electricity in the pilot programs of Virginia

Electric and Power Company, American Electric Power - Virginia, and Rappahannock Electric Cooperative. The Staff further recommended that Pepco be granted a license to provide electric and natural gas aggregation services to residential, commercial, and industrial customers.

NOW UPON CONSIDERATION of the application, the Staff Memorandum, and the applicable law, we find that Pepco's application to provide electric and aggregation services should be granted.

Accordingly, IT IS ORDERED THAT:

(1) Pepco Energy Services, Inc., hereby is granted license No. PE-1 to provide competitive electricity supply services in conjunction with the electric retail access pilot programs of Virginia Electric and Power Company, American Electric Power - Virginia, and Rappahannock Electric Cooperative, to the residential, commercial, and industrial customer classes. This license to act as a competitive service provider is granted subject to the provisions of the Interim Rules Governing Electric and Natural Gas Retail Access Pilot Programs ("Interim Rules"), 20 VAC 5-311-10 et seq., this Order, and other applicable statutes.

(2) Pepco Energy Services, Inc., hereby is granted license No. PA-1 to provide aggregation services in conjunction with the natural gas and electric retail access pilot programs of

Columbia Gas of Virginia, Inc., Washington Gas Light Company, Virginia Electric and Power Company, American Electric Power - Virginia, and Rappahannock Electric Cooperative, to the residential, commercial, and industrial customer classes. This license to act as an aggregator is granted subject to the provisions of the Interim Rules, this Order, and other applicable statutes.

(3) These licenses shall expire upon termination of the applicable pilot programs unless otherwise ordered by the Commission. These licenses are not valid authority for the provision of any product or service not identified within the license itself.

(4) Failure of Pepco to comply with the Interim Rules, the provisions of this Order, other applicable Federal Energy Regulatory Commission or State Corporation Commission orders and rules, or other state or federal laws may result in an enforcement action by the Commission including, without limitation, the revocation, suspension, or modification of the licenses granted herein, the refusal to renew such licenses, the imposition of appropriate fines and penalties, or such other additional actions as may be necessary to protect the public interest.

(5) Since there is nothing further to come before the Commission, this matter hereby is dismissed and the papers herein placed in the Commission's file for ended causes.